

# HARRINGTON PARTNERS

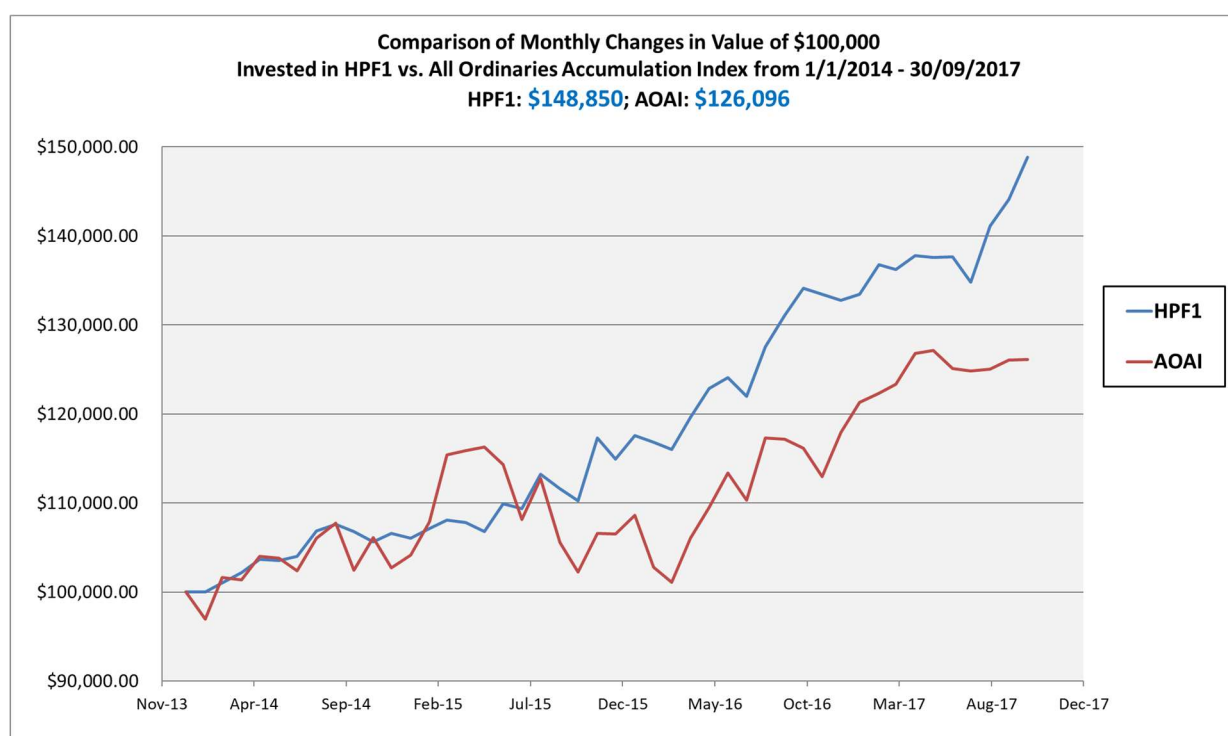
## Investment Management

### Harrington Partners Fund 1 (HPF1) – 30 September 2017

Harrington Partners primary goal is to protect investors capital and outperform the Australian All Ordinaries Accumulation Index (AOAI) by 3-5% annually as measured over rolling 5-year periods. The Fund managers have the majority of their investable assets in the Fund, this creates a very strong alignment of interests between the managers and investors with a concentration on achieving the highest possible risk adjusted returns.

	HPF1 Net Return*	AOAI Return <sup>#</sup>	Relative Performance
<b>6 Months to 30/06/2014</b>	<b>3.71%</b>	2.36%	1.35%
<b>30/06/2015</b>	<b>5.51%</b>	5.67%	-0.16%
<b>30/06/2016</b>	<b>11.50%</b>	2.01%	9.49%
<b>30/06/2017</b>	<b>10.48%</b>	13.12%	-2.64%
<b>3 Months to 30/09/2017</b>	<b>10.43%</b>	1.02%	9.41%
<b>Annualised Performance</b>	<b>11.19%</b>	6.38%	4.81%
<b>Cumulative Performance</b>	<b>48.85%</b>	26.09%	22.77%

#Data source for AOAI Returns:S & P Dow Jones Indices LLC. \*Net Return to investors which is less fees and charges but includes reinvested distributions. Past returns are not a good indication of future returns.



This is the first quarterly update for HPF1. We have decided to increase our correspondence from half yearly to quarterly due to feedback received from investors and in an effort increase transparency.

The Fund has had a strong start to FY18 returning 10.43% net of all fees over the first three months up to September 30, this compares to a return of 1.02% for the All Ordinaries Accumulation Index over the same period. Three of the largest holdings at June 30 performed well, these were Boom Logistics (ASX:BOL), Credit Corp (ASX:CCP) and Fleetwood Corporation (ASX:FWD). The positions in CCP and FWD were sold down significantly. Fortunately, we have invested in several new opportunities and, despite selling down these positions, the cash weighting has fallen from 58% at June 30 to 44% at September 30.

The top 10 holdings at September 30, 2017 were:

Rank	Holding	Total Portfolio Weighting
1	Boom Logistics (ASX:BOL)	11.20%
2	Undisclosed	8.50%
3	Undisclosed	5.40%
4	Undisclosed	5.20%
5	Fleetwood Corporation (ASX:FWD)	4.80%
6	Undisclosed	3.70%
7	Undisclosed	3.60%
8	Undisclosed	2.80%
9	Credit Corp (ASX:CCP)	2.40%
10	Undisclosed	1.50%

The top 10 holdings made up 49% of the total portfolio.

The investment thesis on the 3 disclosed top 10 positions will be discussed in the upcoming half year letter, these companies have been disclosed because they are established positions which the Fund is no longer actively buying. Further top 10 positions will be disclosed as they become established.

We are optimistic that FY18 will be a strong year for the Fund and believe there is still a lot of unrealised value in the current portfolio. You should now expect to receive a half and full financial year investor letters as well as two quarterly updates going forward. Performance will now also be updated quarterly on the website – [www.harringtonpartners.net.au](http://www.harringtonpartners.net.au)

As always, we welcome any feedback and if you have any questions, comments or investment ideas please do not hesitate to contact us - [cameron@harringtonpartners.net.au](mailto:cameron@harringtonpartners.net.au)

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*The All Ordinaries Accumulation Index represents an unmanaged, broad-based basket of stocks. Index returns assume that dividends are reinvested and do not include the effect of management fees or expenses. You cannot invest directly in an index.*

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